

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS MONTREAL 000766

SIPDIS

DEPT FOR EB/TPP, EB/TRA, L/PIL, L/T
DEPT PLEASE PASS EXIM BANK WASHDC
ROME PLEASE PASS TO FODAG - BERTON

E.O. 12958: N/A

TAGS: EAIR ETRD CA FI SN ICAO UNIDROIT

SUBJECT: Implementation of Capetown Convention

¶11. Summary: ICAO Preparatory Commission selects Ireland as host country for new International Registry for financing interests in aircraft.

¶12. The Capetown Diplomatic Conference established a Preparatory Commission of 20 states, including the U.S., to set up the new international registry, in conjunction with ICAO. Once established, the ICAO Council will act as supervisory authority over the registry. Timing for establishment of the registry is critical to keeping the convention system on track, which is expected to come into force by late 2004 or early 2005.

¶13. The outlines of the new system were developed by a task force co-chaired by the U.S. and France as the largest aircraft manufacturing states. As co-chairs, both countries agreed not to bid to be the host country.

¶14. The ICAO Secretariat administered a sealed-bid procurement, drawing on air transportation and procurement expertise from states; which included FAA experts.

¶15. The Preparatory Commission was chaired by Switzerland (Laurent Noel) and attended by ICAO Secretary General Taieb Cherif and Council President Assad Kotaite.

¶16. Four countries supported bids from registry companies based in their territories; Canada, Ireland, Singapore and Spain. Bids were first available to the Preparatory Commission this week. Selection of Ireland followed the rankings by the ICAO Secretariat's procurement team.

¶17. A critical factor was cost, which will drive the fee schedules to be established later. Ireland, Singapore and Canada had technically acceptable proposals. A considerable gap existed between the lowest bidder, Ireland which estimated start-up costs and first year operations at \$ 2.7 million, compared to Singapore at \$6.7 million and Canada at \$7.7 million. Negotiations with the lowest bidder are expected to reach a fee structure acceptable to the air transport industry.

¶18. All U.S. Agency reps participating (DOT, FAA, State, EXIM Bank), as well as U.S./Industry reps, including Boeing, Pratt & Whitney, and the Aircraft Working Group (AWG) supported the selection process and the result.

¶19. The Preparatory Commission agreed to initiate final contract negotiations without delay assisted by the U.S., Finance, AWG and IATA. FAA staff expert Moffat is expected to continue to assist ICAO. The Regulations Working Group (chaired by the U.S. - FAA Klang) will also proceed to complete its work by December.

¶10. ICAO will initiate a draft Headquarters Agreement with the GOI.

¶11. U.S. Delegation included: US Rep: HBurman (State), Alternate Rep: JKlang (FAA), PBloch (DOT), JStandell (FAA), and LEmery (EXIM Bank). CMoffat (FAA) assisted the ICAO. U.S. Mission Ambassador Stimpson coordinated the U.S. effort and the interface with U.S. industry representatives.
ALLEN